

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

- Appointments ... Appt
-
- Clearinghouse Rules ... CRule
-
- Committee Hearings ... CH
-
- Committee Reports ... CR
-
- Executive Sessions ... ES
-
- Hearing Records ... HR
-
- Miscellaneous ... Misc
- 97hr_JC-Fi_Misc_pt07e_DPR
- Record of Comm. Proceedings ... RCP
-

Joint Finance

16.515 / 16.505

14 Day Passive
Reviews

12/9/97 -

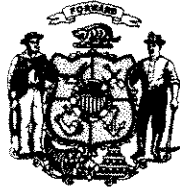
2/9/98

on's / DO R / UWS
1/16/98

STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

Room 202, 119 Martin Luther King Blvd.
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-8535



ASSEMBLY CHAIR
JOHN GARD

315 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-2343

JOINT COMMITTEE ON FINANCE

January 30, 1998

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53702

Dear Secretary Bugher:

On January 20, 1998, we distributed a memorandum which indicated that a concern had been raised about the request of the UW System regarding the s. 20.285(5)(h) appropriation relating to intercollegiate athletics auxiliary enterprises. At this time, this concern has been lifted and that portion of the UW intercollegiate athletics budget is approved.

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Sincerely,

Handwritten signature of John H. Gard in black ink.

JOHN GARD
Assembly Chair

cc: Members, Joint Committee on Finance
President Katharine Lyall, University of Wisconsin System
Jay Huemmer, Department of Administration
Robert Lang, Legislative Fiscal Bureau

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JOINT COMMITTEE ON FINANCE

January 20, 1998

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53702

Dear Secretary Bugher:

Earlier today, we distributed a memorandum (copy attached) which indicated approval of a number of s. 16.505/.515 requests affecting the University of Wisconsin, the Department of Revenue and the Department of Administration on behalf of the Outagamie and Milwaukee county district attorney offices. Subsequent to the preparation of that memorandum, a concern has been raised about the request of the UW System regarding the s. 20.285(5)(h) appropriation relating to intercollegiate athletics auxiliary enterprises. To respond to this concern, that portion of the request (UW intercollegiate athletics) is not approved at this time.

In addition, the December 26, 1997, cover sheet submitted by DOA inadvertently shows the one-time \$31.7 million of gifts and grants funding in both years of the 1997-99 biennium, rather than only in 1997-98. Therefore, the \$31.7 million is approved for 1997-98 only.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

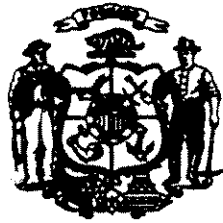
BB:JG:jc

cc: Members, Joint Committee on Finance
Secretary Cate Zeuske, Department of Revenue
President Katharine Lyall, University of Wisconsin System
Jay Huemmer, Department of Administration
Robert Lang, Legislative Fiscal Bureau

Attachment

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE



ASSEMBLY CHAIR
JOHN GARD

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Madison, WI 53707-7882
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JOINT COMMITTEE ON FINANCE

January 20, 1998

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53702

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated December 26, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Department of Administration on behalf of the Outagamie and Milwaukee county district attorney offices, the Department of Revenue, and the University of Wisconsin System.

No objections have been raised concerning this request. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of John Gard in black ink.

JOHN GARD
Assembly Chair

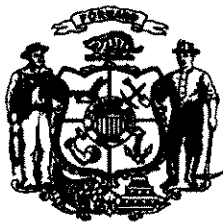
BB:JG:dh

cc: Members, Joint Committee on Finance
Secretary Cate Zeuske, Department of Revenue
President Katharine Lyall, University of Wisconsin System
Jay Huemmer, Department of Administration
Robert Lang, Legislative Fiscal Bureau

THE STATE OF WISCONSIN

SENATE CHAIR
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JOHN GARD

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Madison, WI 53708-8952
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

January 20, 1998

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, WI 53702

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated December 26, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to requests from the Department of Administration on behalf of the Outagamie and Milwaukee county district attorney offices, the Department of Revenue, and the University of Wisconsin System.

No objections have been raised concerning this request. Accordingly, the request is approved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Burke'.

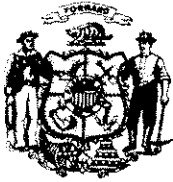
BRIAN BURKE
Senate Chair

A handwritten signature in black ink, appearing to read 'John G. Gard'.

JOHN GARD
Assembly Chair

BB:JG:dh

cc: Members, Joint Committee on Finance
Secretary Cate Zeuske, Department of Revenue
President Katharine Lyall, University of Wisconsin System
Jay Huemmer, Department of Administration
Robert Lang, Legislative Fiscal Bureau



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

January 15, 1998

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Request Under Section 16.515: University of Wisconsin-Madison Intercollegiate Athletics

The Department of Administration (DOA) has approved a request under s. 16.515 that would supplement three appropriations related to the UW-Madison Athletics Department. The first item would provide \$3,756,600 PR to the s. 20.285(5)(h) appropriation for UW-Madison Intercollegiate Athletics auxiliaries in 1997-98, which is used to fund the operations of the Athletics Department. If approved, total funding would be \$29,920,900 in 1997-98. The second item would increase the s.20.285(5)(i) appropriation by \$47,600 PR for non-income sports, which funds parking expenses and student scholarships. If approved, non-income sports spending authority would be \$327,600 in 1997-98.

Finally, the request includes \$31,729,200 PR for the s.20.285(5)(j) gifts and grants appropriation, for one-time expenditures to support the construction of the Kohl Center Athletic Arena. If approved, the total gifts and grants appropriation would be \$37,782,100 PR in 1997-98. As provided under s. 16.515, the Committee's 14 working day review period runs through January 20, and this request will be approved on January 21, 1998, unless the Committee notifies DOA that it wishes to meet on the request.

BACKGROUND

While the Athletics Department initially approves its budget in the spring of each year, it submits its allotment requests to DOA at the end of the football season, when it has more information about revenues and expenditures for the fiscal year. At its June, 1991, s. 13.10 meeting, the Joint Committee on Finance approved a motion to require that any allotment

increases requested by the Athletics Department be submitted to DOA no later than December of the fiscal year for which the request is being made; this request met this deadline.

SUMMARY OF REQUEST

As a part of the UW-Madison Intercollegiate Athletics s. 16.515 request, funding is requested for the following purposes.

Athletics Department Operations. The UW Athletics Department is requesting an increase of \$3,756,600 PR in 1997-98 for Department operations, in addition to the \$1,190,800 PR approved for the Department in 1997-98 under 1997 Act 27 (the state budget). These budget increases include a 4% payplan increase for unclassified staff and a 3% payplan increase for classified staff. The major components of the total proposed expenditure increase (\$4,947,400) for Athletics Department operations include:

Kohl Center Operations (\$2,196,700). To support the operations of the Kohl Center Arena once it becomes fully operational on January 17, 1998.

Unitwide Overhead Costs (\$943,500). This is primarily due to debt service costs for UW Athletics capital projects, including the Kohl Center.

Football (\$336,100). This is a one-time funding increase due to the UW football team's participation in the Kick-Off Classic in New Jersey last August. This extra game meant that the team played 12, rather than the usual 11 games.

Other Sports -- Increases (\$225,000). Provides additional funding for men's and women's track, men's and women's cross country, softball, women's regular and lightweight crew, men's and women's tennis, volleyball, men's and women's golf, men's and women's soccer, and the University Ridge Golf Course. These increases are primarily to meet increased team travel costs and gender equity requirements.

Other Sports -- Decreases (-\$160,200). Includes funding decreases for the spirit squad, men's and women's basketball, hockey, men's crew, men's and women's swimming/diving and wrestling.

Video Services (\$107,800). Provides funding to upgrade the video equipment utilized to record athletic practices and games.

Clinics, Special Events and Event Management (\$741,200). Includes funding increases due to the Green Bay Packers pre-season game at Camp Randall, projected enrollment increases in UW athletic camps and expected increases in the number of and attendance at special events at the Kohl Center.

Sports Medicine and Medical Payments (\$102,900). Includes expenditures for an additional sports medicine staff member due to increased demand for services.

Support Services (\$454,400). Includes funding adjustments for the compliance office, mail room, budget and finance, computer services, administration, facilities maintenance, academic and student services, equipment room, strength and conditioning, sports information, marketing and the ticket office. Many of these support services include increased staffing and supply costs due to the Kohl Center.

Non-Income Sports Expenditure Increases. The non-income sports funding request (\$47,600) would fund parking-related expenses for games and special events, such as supplies, contract costs and salaries. If approved, the allotment would total \$327,600; \$149,900 funds parking related expenses and \$177,700 funds scholarships for women's and men's swimming/diving and women's soccer.

Gifts and Grants. In 1997-98, the Athletics Department is requesting a one-time allotment increase of \$31,729,200 PR, over the base \$6,052,900, for a total gifts and grants allotment of \$37,782,100 to fund the construction costs of the Kohl Center Athletic Arena. Of this funding increase, \$10.0 million is revenue that was budgeted on a one-time basis in 1996-97 for the Kohl Center construction but not spent. The Department is requesting that this expenditure authority be granted again in 1997-98 on a one-time basis.

Auxiliary Enterprises--Athletics Department Revenues

According to the budget approved by the UW Athletics Board, expenditures for auxiliary enterprises are expected to exceed revenues by \$701,500. These revenues come primarily from sports ticket sales, radio and television contracts, NCAA revenue sharing, marketing, promotions, licensing and concessions. The deficit is due to the requirement that the Department pay debt service and some operational costs for the Kohl Center prior to its opening; therefore, the facility has generated costs but no revenues for the first half of fiscal year 1997-98.

At this time, the Department expects to cover this deficit through the use of its reserve fund. However, Department staff indicate that additional, unbudgeted revenue is expected in several areas including: (1) approximately \$700,000 from Ohio State's participation in the Bowl Alliance that is paid to the UW due to revenue sharing agreements; and (2) approximately \$480,000 of unexpected profits from the 1997 University Ridge Golf Course season. These unbudgeted revenues, as well as potential revenues from the Kohl Center will likely cover the budget deficit without relying on the reserve fund.

Non-Income Sports Revenues

Non-income sports revenues, generated from parking fees assessed during sporting events, are projected to increase by \$47,600 in 1997-98, primarily due to increased attendance at Kohl Center events. This increase is projected to cover the requested expenditure authority.

Gifts and Grants Revenue

The Athletics Board approved gifts and grants revenue projections of \$25.0 million, as well as an additional \$10.0 million of gifts and grants revenue that was budgeted for 1996-97 but not spent. These revenues are primarily related to donations associated with the construction of the Kohl Center Athletic Arena. Donation pledges for the Kohl Center that have been made public include \$25.0 million from U.S. Senator Herb Kohl and \$10.0 million from Ab Nicholas of Milwaukee. Additional revenue has been raised through Department fundraisers, anonymous donations and pledges from basketball fans who purchased premium season tickets.

Reserve Balance

In response to the financial difficulties of the Athletics Department in the late 1980s, UW System and UW-Madison policies require that the Athletics Department maintain an adequate, unencumbered reserve balance to be held against operating expenses, debt service and deferred repairs and maintenance/capital assets requirements. Actual reserve levels are determined by annual NCAA audits. If the Department falls short of reserve targets, it must submit a reserve restoration plan to the Athletics Board.

The actual reserve total for 1995-96 was \$3,199,500 and dropped to an estimated \$3,145,000 at the close of 1996-97. The budgeted reserve balance for 1997-98 is \$2,069,000, following the deficit payment of \$701,500 and other adjustments. The Athletics Department has not met the reserve targets for the past several years, which, according to Athletics staff, is due to front-end operational, construction and debt service costs for the Kohl Center. The Department is projecting a maximum reserve target between \$6.0 and \$8.6 million once the Kohl Center is fully operational, and will be developing a plan to meet this target once preliminary revenue data is available for the operations of the Kohl Center.

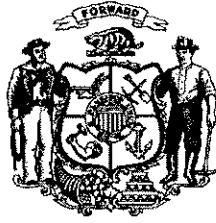
If you have any questions about this request, please contact this office.

Prepared by: Ruth Hardy

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

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ASSEMBLY CHAIR
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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative John Gard
Co-Chairs, Joint Committee on Finance

Date: December 29, 1997

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, dated December 26, 1997, pursuant to s. 16.515/16.505(2) Stats., pertaining to requests from the Department of Administration on behalf of the Outagamie and Milwaukee county district attorney offices, the Department of Revenue, and the University of Wisconsin System.

Please review the material and notify **Senator Burke** or **Representative Gard** no later than **Friday, January 16, 1998**, if you have any concerns about the request or if you would like to meet formally to consider it.

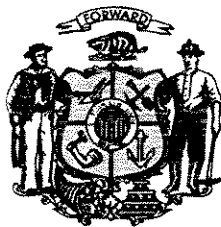
Also, please contact us if you need further information.

Attachment

BB:JG:dh

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

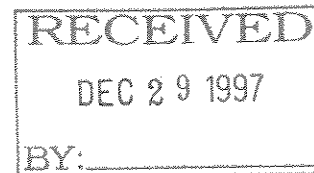
Date: December 26, 1997

To: The Honorable Brian Burke, Co-Chair
Joint Committee on Finance

The Honorable John Gard, Co-Chair
Joint Committee on Finance

From: Mark D. Bugher, Secretary
Department of Administration

Subject: S. 16.515/16.505(2) Requests



Enclosed are requests that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1997-98</u>		<u>1998-99</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
District Attorneys 20.475(1)(h)	Gifts and Grants		*2.00		*2.00
Revenue 20.566(1)(h)	Debt Collection	\$35,700	1.50	\$48,800	1.50
UW System 20.285(5)(h)	Intercollegiate Athletics Auxiliary Enterprises	\$3,756,600		\$3,756,600	
UW System 20.285(5)(i)	Non-income Sports	\$47,600		\$47,600	
UW System 20.285(5)(j)	Gifts and Grants	\$31,729,200		\$31,729,200	

*Project position authority expiring January 8, 2000

As provided in s. 16.515, the requests will be approved on January 21, 1998, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Jay Huemmer at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: December 17th, 1997

To: Mark D. Bugher
Secretary



From: Michael Heifetz
Executive Policy Analyst

Subject: s. 16.515 request for the University of Wisconsin System –
UW-Madison Intercollegiate Athletics

REQUEST:

The UW System requests approval of \$3,756,600 additional expenditure authority for the appropriation under s. 20.285 (5)(h), *Intercollegiate Athletics Auxiliary Enterprises*; \$47,600 for the appropriation under s. 20.285 (5)(i) *Non-income Sports*; and \$31,729,200 for s. 20.285 (5)(j), *Gifts and Grants*.

REVENUE SOURCES FOR APPROPRIATIONS:

Revenues in the s. 20.285 (5)(h) appropriation are generated from UW-Madison athletic events, golf course receipts, concerts and other special events. Revenues in s. 20.285 (5)(i) are generated from parking fees for events held at athletics facilities. Revenues in s. 20.285 (5)(j) are obtained from gifts, grants, donations and athletic booster club contributions.

BACKGROUND/ANALYSIS:

Historically, the Athletic Department's annual budget is set through the s. 16.515 process. Due to the fluctuation of athletic team expenses, it is difficult to accurately establish the department's budget during the regular biennial budget process. Functionally, the request includes \$401,800 for FY97 pay plan costs; \$3,354,800 for ongoing, program-related cost increases; and \$31,729,200 for one-time expenditure increases in FY98 only (for completion of the Kohl Center).

Background information from the Athletics division indicates that additional expenditure authority of \$4,965,200 is needed under appropriation 285(5)(h) in FY98 over the FY97 amount. However, only \$3,756,600 was requested because 1997 Act 27 already provided an increase of \$1,190,800 for FY98 and carryover encumbrances totalling \$17,800 have already been approved. All Athletic Department

increases, regardless of fund source, appropriation status and biennial budget action, are included in the request based on an UW interpretation of the Joint Committee on Finance policy regarding UW Athletics position and expenditure authority.

PAY PLAN: The 1997-98 pay plan costs total \$402,800, based on actual payroll and approved compensation increases for FY98. Current DOA policy allows program revenue pay plan increases to be included with s.16.515 requests rather than the pay plan supplement process. Almost all (\$373,500) of the pay plan amount is a component of the \$3,756,600 requested for the *Intercollegiate Athletics Auxiliary Enterprises* appropriation. The request appears reasonable.

PROGRAM-RELATED COST INCREASES (ATHLETICS AUXILIARIES AND NON-INCOME SPORTS): The request includes a total of \$3,756,600 in program-related cost increases (and decreases) for *Intercollegiate Athletics Auxiliary Enterprises*, as well as \$47,600 for *Non-income Sports* related to special event parking and student-athlete grant-in-aid increases. These items were approved by the Athletic Board and the Board of Regents prior to the start of the fiscal year.

The Kohl Center, which will open in January 1998, is responsible for most of this request (\$2,195,700). Kohl Center expenses include: (1) concessions, merchandise and catering (\$459,600); (2) new employees salaries/fringe benefits (\$762,100); (3) W Club management fee (\$392,400); and (4) general operating expenses (\$582,600). Two other areas which require comparatively larger increases are event management (\$163,900) and clinics/special events (\$577,400). UW System indicates these increases are needed because events at the Kohl Center will cost more than at the Field House due to higher maintenance costs, additional security requirements and other expenses, such as changeover of the Kohl Center's main arena for each event (concerts, basketball, hockey, etc.).

The remainder of the request is for minor increases and decreases to the various athletic team budgets to cover such items as increased team travel and gender equity requirements. Standard cost increases for other basic functions, such as administration, marketing and ticketing, are also included in the request. All of these components appear reasonable. Attached is a table detailing the request for the *Intercollegiate Athletics Auxiliary Enterprises* appropriation.

CAPITAL BUDGET PROJECTS (GIFTS AND GRANTS): Gift and grant funds are expected to generate \$25,285,400 for the remaining one-time capital costs of the Kohl Center. Construction is progressing on schedule and within budget.

REVENUES: The UW's latest FY98 revenue projection for *Intercollegiate Athletics Auxiliary Enterprises* is \$30,593,800. This is \$701,500 less than projected expenditures. The reason for the disparity is that the Kohl Center will be operational for only one-half of the fiscal year, but debt service on the building must be paid for the full fiscal year. The Athletic Board anticipated this and the Kohl Center should break even or show a positive cash flow after FY98.

Additional revenue is expected from the selection of a Big 10 team (Ohio State) to play in the Bowl Alliance (\$700,000 to UW) and from the upcoming Wisconsin participation in the Outback Bowl on January 1st (\$1.1 million to UW). The inaugural Big 10 basketball tournament in March (\$370,000 to UW) will also enhance revenues.

Projected FY98 *gifts and grants* revenues for capital projects of \$25,285,400 match the budgeted expenditures. In addition, \$10 million of FY97 expenditure authority for the Kohl Center needs to be carried over to FY98 (this does not result in additional expenditure authority). Fundraising for the Kohl Center has been completed, although some pledges will be received later in FY98. In addition, most of the athletics fundraising events occur in the spring, generating more revenue during the second half of the fiscal year.

Given the continued positive fiscal condition within the Athletics division this year and successful fundraising for the Kohl Center, it is reasonable to conclude that the division will meet or exceed its FY98 revenue projections.

ACCUMULATED DEFICIT/RESERVE FUND STATUS: The division's operating deficit, which reached \$2.1 million in FY89, has been eliminated. A reserve fund of approximately \$3.1 million had accumulated as of June 30, 1997 (3% reduction from last year). The Athletic Board had initially set a goal of \$6 million in reserve by the opening of the Kohl Center. However, due to early debt service payments and the allocation of funds initially intended for reserves to other more immediate projects (such as Kohl Center operations), the reserve is projected to be approximately \$2.8 million by the end of FY98. The Athletics division remains confident of building up the reserve towards the \$6 million goal after FY98, and will be presenting a multi-year plan to the Athletic Board Finance Committee in the spring to accomplish this goal.

RECOMMENDATION:

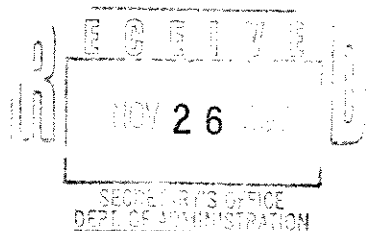
Approve the request.



The University of Wisconsin System

Financial Administration

780 Regent Street
P.O. Box 8010
Madison, Wisconsin 53708-8010
(608) 262-1313 FAX (608) 262-5316



DATE: November 26, 1997

TO: Mark D. Bugher, Secretary
Department of Administration

FROM: Marcia W. Bromberg, Vice President for Business and Finance
University of Wisconsin System

RE: S. 16.515 Request for Intercollegiate Athletics

Marcia W. Bromberg

The purpose of this letter is to comply with the policy of the Joint Committee on Finance that any request for increase in the allotment authority for Intercollegiate Athletics at UW-Madison must be submitted by December 1. This request is for increased expenditure authority for the Program Revenue appropriations under s.20.285(5)(h), s.20.285(5)(i) and s.20.285(5)(j). The request increases allotment authority to the spending levels approved by the Board of Regents in the 1997-98 Redbook budget and adjusted by the Athletic Board at their November 19, 1997 meeting, subject to approval by the Department of Administration and the Joint Committee on Finance.

The following is a table detailing the requested increases by appropriation:

<u>Appropriation</u>	<u>Current Authority</u>	<u>Requested Authority</u>	<u>Increase</u>
s.20.285(5)(h)	\$26,164,293	\$29,920,893	\$ 3,756,600
s.20.285(5)(i)	\$ 280,000	\$ 327,600	\$ 47,600
s.20.285(5)(j)	\$ 6,052,894	\$37,782,094	\$ 31,729,200

The increase in the allotment for s.20.285(5)(h) of \$3,756,600 in 1997-98 expenditure authority represents items such as payplan adjustments, team travel, Kohl Center operations and event management, special events and facilities maintenance. The increase of \$47,600 in s.20.285(5)(i) is for increased athletic event parking revenues and related expenditures once the Kohl Center is open. The increase of \$31,729,200 in s.20.285(5)(j) is a one-time allotment increase for the Kohl Center construction project.

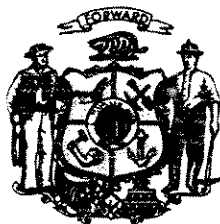
The "Current Authority" numbers include allotment increases for 1996-97 year-end encumbrances carried forward, and the 1996-97 allotment increases approved by the Joint Committee on Finance. The totals requested for s.20.285(5)(h) and s.20.285(5)(i) require ongoing funding. Please direct questions regarding this request to George Ketterer (265-3831).

c:	Katharine Lyall	Chancellor David Ward
	John Torphy	Pat Richter
	Michael Heifetz	Ruth Hardy
	Kathi Sell	Debbie Durcan
	Freda Harris	George Ketterer

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STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

(04)

Date: December 18, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Scott Aker, Budget Analyst
Division of Executive Budget and Finance

Subject: Request Under s. 16.505 for the extension of 2.0 FTE project assistant district attorney positions – 1.0 in Outagamie County and 1.0 in Milwaukee County.

REQUEST:

The Department of Administration, on behalf of the Outagamie and Milwaukee county district attorney offices, requests the extension of 2.0 FTE project (expiring January 8, 2000) assistant district attorney (ADA) positions authorized under s. 20.475(1)(h), *Gifts and Grants*, to continue prosecuting felony drug cases as members of multi-jurisdictional anti-drug task forces.

The Outagamie County ADA participates in the Lake Winnebago Area Metropolitan Drug Enforcement Group (LWAMEG). The Milwaukee County ADA participates in the Milwaukee Metropolitan Drug Enforcement Group (MMEG).

REVENUE SOURCES FOR APPROPRIATION(S):

The revenue source for the appropriation under s. 20.475(1)(h), *Gifts and Grants*, is funds administered by the Office of Justice Assistance (OJA). See Background section for details. Of \$361,900 available in CY 98 to the LWAMEG, \$81,100 is available and designated to fund this request. Of the \$1,697,100 available in CY 98 to the MMEG, \$99,600 is available and designated to fund this request.

BACKGROUND:

There are 26 metropolitan enforcement groups (MEGs) throughout the state that provide a coordinated, regional approach to reducing drug traffic and drug-related crime. The MEGs are partially funded through federal grants administered by the Office of Justice Assistance; state (penalty assessment surcharge) and local funds must match the federal funds.

Lake Winnebago Area Metropolitan Enforcement Group

The LWAMEG serves the following four counties: Outagamie, Calumet, Fond du Lac and Winnebago. The table below illustrates the CY98 federal grant and matching fund allocation for the LWAMEG:

CY98 LWAMEG Funding

Fund Source	Dollars	Percentage
Federal	\$271,453	75%
State Match	\$ 54,292	15%
<u>Local Match</u>	<u>\$ 33,193</u>	<u>10%</u>
TOTAL:	\$361,938	100%

Source: Office of Justice Assistance

The LWAMEG entered into a contract with the Outagamie County district attorney's office to fund 1.0 FTE project ADA beginning June 20, 1996. The initial year was funded with federal asset forfeiture funds obtained by the LWAMEG during law enforcement actions against drug traffickers. In April 1997, the Joint Committee on Finance approved extending the position through January 1998. Since April 1997, the position has been funded with OJA anti-drug money. This position prosecutes felony drug cases in all four counties of the MEG, but is located in and supervised by the Outagamie County district attorney's office because the district attorneys from all four counties agreed that this office had the best physical space and support services to accommodate the position. The position serves the other counties through appointments as a special prosecutor *without additional state compensation*.

The Outagamie County district attorney's office currently has 7.0 FTE. Calumet, Fond du Lac and Winnebago counties have a total of 15.0 FTE. All positions, with the exception of the position discussed here, are GPR-funded.

Milwaukee Metropolitan Enforcement Group

The MMEG serves Milwaukee County. The table below illustrates the CY98 federal grant and matching fund allocation for the MMEG:

CY98 LWAMEG Funding

Fund Source	Dollars	Percentage
Federal	\$1,272,796	75%
State Match	\$ 254,559	15%
<u>Local Match</u>	<u>\$ 169,706</u>	<u>10%</u>
TOTAL:	\$1,697,061	100%

Source: Office of Justice Assistance

This ADA position has been a central component of the MMEG since 1989. Since 1991, this position has worked with the Milwaukee Speedy Drug Trial Project, which has reduced the number of days to dispose a drug case from 307 to 68. The position consistently has been funded entirely with federal funds. Any other expenses related to this position are the responsibility of Milwaukee County.

The Milwaukee County district attorney's office currently has 103.0 FTE. Seventeen of these FTE are funded through various federal and program revenue sources.

This request is to extend position authority for two years (ending January 8, 2000) for both the Outagamie County and Milwaukee County positions. Federal anti-drug money has funded multi-jurisdictional task forces for nearly 10 years and there is no indication this funding source will discontinue. Federal anti-drug task forces do not face four-year funding limits as do most other programs funded with anti-drug money. The project positions funded here do face the state's four-year project position limit.

ANALYSIS:

Lake Winnebago Area Metropolitan Enforcement Group

Since 1992, LWAMEG area law enforcement agencies have experienced a significant increase in drug-related cases. As illustrated in the following table, total drug arrests within the Lake Winnebago Area Task Force area have risen dramatically since 1992:

LWAMEG Area Drug Arrests

Year	Drug Arrests	% Increase Over Previous Year
1992	367	20.3%
1993	635	73.2%
1994	955	50.4%
1995	1,106	15.8%
1996	1,180	6.7%

Source: Office of Justice Assistance

This increase may be linked to many economic and social forces, as well as an increase in the number of law enforcement officers battling drug trafficking in the Lake Winnebago area. Regardless of the cause, it is appropriate to extend the 1.0 FTE ADA project position for two years to ensure that drug cases are prosecuted efficiently and effectively.

Milwaukee Metropolitan Enforcement Group

Drug arrests have increased in Milwaukee County as well. The following table details drug arrest activity between 1992 and 1996.

MMEG Area Drug Arrests

Year	Drug Arrests	% Increase Over Previous Year
1992	1,420	
1993	1,736	22%
1994	2,352	35%
1995	2,338	0%
1996	2,808	20%

Source: Office of Justice Assistance

Mark D. Bugher, Secretary
December 12, 1997
Page 4

Drug activity in these two areas continues to increase. Federal, state and local law enforcement agency commitment to combat drug activity continues to increase. Given that MEG ADA positions have received constant federal funding for ten years, it is reasonable to recommend extending position authority up to the state's four-year limit on project positions.

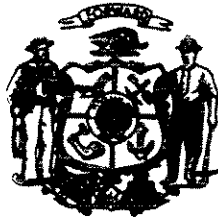
While OJA-administered funds will pay for the positions, Outagamie and Milwaukee counties will reimburse the state through agency 475 (District Attorneys) because ADAs are state employees. Since this is a continuing appropriation, approval of the Joint Committee on Finance is required only for the position authorization.

RECOMMENDATION:

Approve the request to extend 2.0 FTE project assistant district attorney position authority, to be paid for by the LWAMEG and MMEG with OJA-administered funds. This approval does not constitute the commitment of current or future GPR funding for these positions. Such approval can only be obtained through the biennial budget process.

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin

TOMMY G. THOMPSON
GOVERNOR
MARK D. BLGHER
SECRETARY



Mailing Address:
Post Office Box 7869
Madison, WI 53707-7869

STATE PROSECUTORS OFFICE-----MEMORANDUM/CORRESPONDENCE
Telephone No.: (608) 267-2700-----E-Mail Address: morses@mail.state.wi.us-----Fax No.: (608) 264-9500

DATE: December 4, 1997

TO: Rick Chandler, Administrator
Division of Executive Budget and Finance

FROM: Charles E. McDowell, Administrator
Division of Administrative Services

SUBJECT: **REQUEST UNDER S. 16.505 FOR DEPARTMENT 475:
MILWAUKEE AND OUTAGAMIE DISTRICT ATTORNEYS' OFFICES**

On behalf of the Milwaukee and Outagamie County District Attorneys' Offices, I submit the attached request for 2.0 FTE PR positions authority for Department 475, District Attorneys.

If you have any questions, please direct them to Stuart Morse, Director, State Prosecutors Office or to Richard Wagner in the Division's Bureau of Financial Management.

Attachments

cc: Stuart Morse
Richard Wagner

DEPARTMENT OF ADMINISTRATION REQUEST UNDER S. 16.505 FOR POSITION AUTHORIZATION

I. REQUEST

The Department of Administration requests under s. 16.505 the renewed authorization of 1.0 FTE PR prosecutorial position for the Outagamie County District Attorney's (DA) Office and 1.0 FTE PR prosecutorial position for the Milwaukee County DA Office. Both positions would be funded via appropriation 20.475(1)(h). Approval for both is requested through January 8, 2000. The four year grant period for the Outagamie position could allow it to be extended until June 2000, but it will be administrative efficient and consistent with the normal Office of Justice Assistance (OJA) grant calendar year grant cycle to have the next renewal date in January.

II. BACKGROUND

On December 1, 1997, both the Milwaukee and the Outagamie DA offices were awarded a grant by the Governor sufficient for each to continue to fund one full-time assistant district attorney (ADA) program revenue position for the period from January 1, 1998 through December 31, 1998, with the likelihood that these annual grants will be continued for the foreseeable future. The Milwaukee position is funded at \$99,628 and the Outagamie position is funded at \$81,108. The Governor's decisions follow the recommendations of his Law Enforcement and Crime Commission. The funds for both positions are provided via OJA. Both positions are currently filled with experience drug prosecutors, who will continue in those positions if this request is approved.

III. ANALYSIS

These positions are in furtherance of the State's policy to fight drug crime. The Governor's Law Enforcement and Crime Commission recommended to the Governor that this new position be funded and the Governor approved that recommendation. The funding is from federal anti-drug funds for the purpose of supporting "multi-jurisdictional task force programs that integrate Federal, State and/or local drug law enforcement agencies and prosecutors for the purpose of enhancing interagency coordination and intelligence and facilitating multi-jurisdictional investigations."

IV. FISCAL ANALYSIS

The funds allocated for the position are based upon costs of the experienced ADAs currently filling these positions. The grants total in \$99,628 in Milwaukee and \$81,108 in Outagamie

V. REVENUE SOURCE FOR APPROPRIATION

The source of both grants funds is 20.505(6)(pb), which is provided by the federal government to OJA for use in developing anti-drug crime mechanisms including the funding of prosecutorial staff. The funds are awarded to Milwaukee

and Outagamie counties. Each county will reimburse salary and fringe benefit costs for the state paid ADA positions in the Department of District Attorneys.

VI. SPECIAL INFORMATION

The co-chairs of the Joint Committee on Finance, in a letter to Department of Administration Secretary James R. Klauser dated June 12, 1996, set forth four additional items of information that should be included in a s.16.505 request for additional positions in the District Attorney program.

- 1) *An explanation of the effect of the positions on weighted caseload for the requesting counties (the LAB methodology is suggested).*

As the refunding of two currently existing positions is being requested, there should be no change in the workload analysis (shown in the table below) if they are both approved. If they are not approved, the positions needed in each DA office would increase by one.

- 2) *An assessment of similar caseload problems in counties not addressed by the request.*

The lack of applications to the Office of Justice Assistance from other counties requesting new OJA anti-drug funding that would allow the addition of new PR anti-drug prosecutors indicates that this is not as serious a problem elsewhere as it is in those counties where the grants were requested. The caseload data attached indicates a need for additional prosecutors in both counties.

- 3) *An explanation of why the request has greater priority than similar needs existing in other counties.*

Other counties had the opportunity to apply for the OJA anti-drug grant funds. Only Milwaukee and Outagamie counties applied to continue positions for which an extension of authorization time is required

- 4) *If the request is intended to address a specific type of caseload, an explanation of why this type of caseload has a greater priority than other types.*

The OJA anti-drug funds may not be used to address other types of caseloads.

S.16.505 Request for Milwaukee and Outagamie District Attorneys' Offices
December 4, 1997

Analysis using latest 3 years of Court data (1994-96) and expected FTE on 7/1/98 per 97-99 state budget, including the two PR positions whose renewal is being requested		
DA Office Code	10/22/97 15:39	FTE needed
#	DA Office	FTE
1	Adams	0.22
2	Ashland	0.50
3	Barron	-0.43
4	Bayfield	0.13
5	Brown	1.38
6	Buffalo	-0.21
7	Burnett	0.42
8	Calumet	-0.27
9	Chippewa	0.47
10	Clark	-0.18
11	Columbia	0.97
12	Crawford	-0.26
13	Dane	4.21
14	Dodge	-0.07
15	Door	-0.08
16	Douglas	-0.09
17	Dunn	-0.54
18	Eau Claire	1.81
19	Florence	-0.17
20	Fond du Lac	1.20
21	Forest	0.36
22	Grant	0.60
23	Green	-0.58
24	Green Lake	-0.01
25	Iowa	-0.60
26	Iron	-0.68
27	Jackson	-0.76
28	Jefferson	1.61
29	Juneau	0.00
30	Kenosha	-1.28
31	Kewaunee	-0.56
32	La Crosse	1.99
33	Lafayette	-0.62
34	Langlade	0.23
35	Lincoln	0.02
36	Manitowoc	2.33
37	Marathon	2.18

S.16.505 Request for Milwaukee and Outagamie District Attorneys' Offices
December 4, 1997

Analysis using latest 3 years of Court data (1994-96) and expected FTE on 7/1/98 per 97-99 state budget, including the two PR positions whose renewal is being requested		
DA Office Code	10/22/97 15:39	FTE needed
#	DA Office	FTE
38	Marinette	0.30
39	Marquette	0.00
40	Milwaukee	19.01
41	Monroe	0.81
42	Oconto	0.18
43	Oneida	0.66
44	Outagamie	1.47
45	Ozaukee	0.26
46	Pepin	-0.23
47	Pierce	-1.48
48	Polk	0.26
49	Portage	-0.38
50	Price	-0.18
51	Racine	2.20
52	Richland	-0.74
53	Rock	3.45
54	Rusk	-0.55
55	Saint Croix	-2.71
56	Sauk	0.49
57	Sawyer	0.57
58	Shaw/Men	0.57
59	Sheboygan	1.23
60	Taylor	0.08
61	Trempealeau	-0.28
62	Vernon	-1.23
63	Vilas	-0.59
64	Walworth	-0.27
65	Washburn	0.31
66	Washington	-0.11
67	Waukesha	-4.65
68	Waupaca	-0.49
69	Waushara	-0.35
70	Winnebago	3.92
71	Wood	0.17
	STATE	34.87

TOMMY G. THOMPSON
GOVERNOR
MARK D. BUGHER
SECRETARY



Mailing Address:
Post Office Box 7864
Madison, WI 53707-7864

Date: December 12, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Paul Ziegler, Policy and Budget Analyst
State Budget Office

Subject: Request under s. 16.505/515 from the Department of Revenue for the collection of debts owed to state agencies, counties, and municipalities.

REQUEST:

The Department of Revenue (DOR) requests 1.50 FTE permanent positions and \$42,600 in FY98 and ongoing funding of \$48,800 in FY99 in s. 20.566(1)(h) Debt Collection for costs related to deducting debts owed to state agencies, counties, and municipalities from tax refunds.

REVENUE SOURCE FOR APPROPRIATION:

The source of revenue for the s. 20.566(1)(h) Debt Collection appropriation is the portion of refund setoffs that the department retains to cover its administrative expenses. Currently, the department retains 1.5% of the amounts collected for its costs. This percentage may be adjusted annually by the department.

BACKGROUND:

A state agency may request the Department of Revenue to reduce a taxpayer's refund for the amount that the taxpayer owes the state agency. 1995 Act 27 expanded the scope of these setoffs to allow municipalities and counties to make similar requests. Two forms of debt account for most of the program's activities. Of the \$12.9 million of refund setoffs in FY97, \$9.3 million (72%) was for delinquent child support and \$2.4 million (19%) was for the recovery of entitlement program overpayments. During FY97, the Departments of Workforce Development, Transportation, Veterans Affairs and several other agencies took part in the program. As of April 1st of this year, six local governments had certified debts for setoff and 23 others had registered to join the program.

ANALYSIS:

The number of refund setoffs has increased substantially over the last several years. Since FY93, the number of refunds reduced for debt has increased over 90% -- from about 28,300 to 54,000 (see table below). The total number of outstanding requests for setoffs has risen

62% to almost 181,000. Moreover, as more counties and municipalities begin to use this debt collection tool, the number of setoff requests can be expected to increase further.

<u>Fiscal Year</u>	<u>Number of Refunds Intercepted</u>	<u>Number of Debts on File for Setoff</u>
FY93	28,272	112,384
FY94	34,994	126,718
FY95	39,806	142,402
FY96	47,144	146,301
FY97	53,988	180,881

This growth has increased the department's workload. Although the matching of those receiving refunds to those owing debts is automated, the department must expend a substantial number of hours prorating the refunds of joint returns, responding to taxpayer inquiries, and working with local governments.

While the workload has grown, the number of positions authorized for this purpose has been unchanged. The appropriation has 2.0 FTE positions and sufficient LTE funding to bring the effective total for the debt collection appropriation up to 2.5 FTE positions. The workload in the last three years, however, has consumed the time of 3.4 to 4.0 FTE positions. To fulfill the statutory requirement to complete the setoffs despite insufficient resources for this specific purpose, DOR has reallocated staff away from delinquent tax collection activities. This has reduced one collection effort to complete another.

To end this reallocation and to provide sufficient staff for expected growth, DOR is requesting 1.5 FTE permanent positions for the debt collection appropriation. A program assistant is requested to answer inquiries from taxpayers whose refunds have been reduced. This position will also process file maintenance on the setoff requests. A half-time financial specialist 1 is requested to prorate the intercepted refunds of joint returns. For these positions, the department requests a total of \$42,600 in FY98 and \$48,800 in FY99 as detailed below:

	<u>FY98</u>	<u>FY99</u>
Permanent Salaries	\$15,400	\$30,800
Fringe Benefits	5,600	11,200
Supplies and Services	3,400	6,800
One-time Financing		
Systems Furniture	8,600	
PCs & Related	9,600	
TOTAL REQUEST	\$42,600	\$48,800

Mark D. Bugher, Secretary
December 12, 1997
Page 3

MODIFICATION:

Since it may take several months for the positions to be filled, FY98 funding for the positions should be reduced from six to four months. This will reduce the request by \$6,900 (\$5,100 salary and \$1,800 fringe) – lowering FY98 total to \$35,700.

RECOMMENDATION:

Approve the request as modified – providing \$35,700 and 1.5 FTE permanent positions in FY98 and ongoing funding of \$48,800 in FY99. The request meets the s.16.515 requirement that an emergency exist because the rapidly rising workload has clearly made the existing resources insufficient. If the request is denied, DOR will need to divert more staff time away from tax collection. With additional resources, however, the department will be able to complete its responsibilities for collecting non-tax debt without hindering tax collection efforts.



State of Wisconsin • DEPARTMENT OF REVENUE

125 SOUTH WEBSTER STREET • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933 • 608-266-6466 • FAX 608-266-5710

Tommy G. Thompson
Governor

Cate S. Zeuske
Secretary of Revenue

MEMORANDUM

November 21, 1997

TO: Mark D. Bugher
Secretary of Revenue

FROM: Cate S. Zeuske
Secretary of Revenue

SUBJECT: Section 16.505/515 Request for Additional Position and Expenditure Authority in
s. 20.566(1)(h) - Debt Collection

ECF
24
DEPT. OF REVENUE
cc: JH - RC - JM -
PZ
JK

The Department of Revenue (DOR) is requesting an increase of \$42,600 in expenditure authority in fiscal year 1997-98 and 1.50 FTE permanent positions for the Debt Collection appropriation, s. 20.566(1)(h). Ongoing funding of \$48,800 is also requested in fiscal year 1998-99

This is a request for additional permanent staffing to handle the increased volume of work related to the debt collection program. The workload for this program has been growing due to two factors:

1. The number of debts and amounts of debts certified to the refund interception file have increased dramatically from fiscal year 1992-93 to fiscal year 1996-97. This is mainly due to the fact that the Bureau of Economic Support, once a part of the Department of Health and Social Services and now a part of the Department of Workforce Development, began certifying debts to the refund interception program in fiscal year 1993-94. With an increase in the number and amounts of debts certified came an increase in the number of refunds intercepted. The following statistics document this increase:

Fiscal Year	Number of Debts on File	% Increase Over Prior Year	Dollars of Debts on File	% Increase Over Prior Year	Number of Refunds Intercepted	% Increase Over Prior Year
FY 93	112,384		\$534,381,426		28,272	
FY 94	126,718	13%	\$646,155,053	21%	34,994	24%
FY 95	142,402	12%	\$802,713,955	24%	39,806	14%
FY 96	146,301	3%	\$946,695,584	18%	47,144	18%
FY 97	180,881	24%	\$1,145,714,977	21%	53,988	15%
4 Year Increase		61%		114%		91%

2. In fiscal year 1995-96, the refund interception program was expanded to include the debts of counties and municipalities. While this has not yet contributed in any substantial manner to the number of refunds intercepted, it has increased the administrative work related to this program, as employees deal with numerous local governments who are in various stages of the process of registering for the program, certifying debts, and beginning to receive intercepted funds. As of April 1, 1997, twenty-nine local governments have registered to use the program and six have already certified debts.

The current staff funded by this appropriation consist of 1.0 FTE permanent revenue agent 3, 1.0 FTE permanent financial specialist 1 and LTE funding equivalent to approximately .50 FTE. The number of hours expended on this program have grown in a manner similar to the volumes reported above.

Fiscal Year	Review Returns/ Correspondence	Other Activities	Total Hours	% Increase Over Prior Year	FTE Equivalent	Current Level
FY 93	970	1,608	2,578		1.5	2.5
FY 94	2,624	1,017	3,641	41%	2.2	2.5
FY 95	4,625	1,467	6,092	67%	3.7	2.5
FY 96	5,786	802	6,588	8%	4.0	2.5
FY 97	5,062	683	5,745	-13%	3.4	2.5
4 Year Increase				123%		

The increase in workload for this program should be supported by the addition of 1.5 FTE additional permanent positions in the Compliance Bureau of the Division of Income, Sales and Excise Taxes as follows:

1. 1.00 FTE permanent program assistant 2 position is requested to answer telephone inquiries from taxpayers who have had their refunds intercepted and to process file maintenance to agency accounts.
2. .50 FTE-permanent financial specialist 1 position is requested to prorate refund setoffs between delinquent and non-delinquent spouses.

Summary of Request

The following is a detailed summary of the expenditure authority requested:

	<u>1997-98</u>	<u>1998-99</u>
Permanent Salaries		
Program Asst. 2-1.0 FTE (\$9.862/hr)	\$10,300	\$20,500
Financial Spec. 1-.5 FTE (\$9.862/hr)	5,100	10,300
Total Permanent Salaries	\$15,400	\$30,800
Fringe Benefits @ 36.23%	\$5,600	\$11,200

	<u>1997-98</u>	<u>1998-99</u>
Supplies & Services		
Space rental (2 @ \$3,000)	\$3,000	\$6,000
Telephone services (2 @ \$300)	300	600
Office supplies (2 @ \$100)	<u>100</u>	<u>200</u>
Total Supplies & Services	\$3,400	\$6,800
One-Time Financing		
Systems furniture (2 @ \$4,300)	\$8,600	
PC/Phone wiring & installation (2 @ \$100)	200	
Network ready desktop PC (2 @ \$4,700)	<u>9,400</u>	
Total One-Time Financing	\$18,200	
Total Request	\$42,600	\$48,800

Revenue Source for Appropriation

The source of revenue deposited in the appropriation under s. 20.566(1)(h), Debt Collection, is the administrative fee to cover the costs to collect debts owed to state agencies under s. 71.93 and 565.30(5) and owed to municipalities and counties under s. 71.935. The current administrative fee for both state agencies and municipalities is 1.5% of the amount of the debt offset.

Appropriation Balance Analysis

The appropriation balance analysis presented below is shown through fiscal year 1998-99 with expenditure estimates as reflected in this request.

	<u>1997-98</u>	<u>1998-99</u>
Beginning Balance	\$289,000	\$48,500
Projected Revenue	209,600	230,600
Projected Expenditures	(198,200)	(213,100)
Compensation Reserves	(1,900)	(3,700)
Statutory Lapse	(250,000)	
Ending Balance	\$48,500	\$62,300